

Message Text

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ACTION ARA-14

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TAGS: EMIN, OAS, BL
SUBJECT: TIN IN THE PERMANENT COUNCIL

REF: STATE 130474

1. AMBASSADOR BOEKER HAS DISCUSSED WITH FONMIN UNDER SECRETARY TERCEROS BANZER THE GOB'S ACTION OF CALLING A SPECIAL OAS COUNCIL SESSION TO DENOUNCE US INTENTION TO PLACE A LARGE TONNAGE OF TIN ON THE INTERNATIONAL MARKET IN PREJUDICE OF THE ECONOMIC INTERESTS OF BOLIVIA. UNDER SECRETARY RESPONDED THAT THE REQUEST HAD COME FROM THE MINISTRY OF MINES AND THE MINISTRY OF FOREIGN AFFAIRS HAD PASSED IT ON TO THE OAS. THE AMBASSADOR EXPLAINED THAT SUCH ATTACKS MIGHT WIND UP BEING COUNTERPRODUCTIVE GIVEN THE FACT THAT THE USG HAD ALREADY PROMISED TO CARRY OUT CONSULTATIONS IN THE ITC AND BILATERALLY WITH BOLIVIA.

2. RRA SPOKE WITH THE UNDER SECRETARY UGALDE OF THE MINISTRY OF MINES WHO CONFIRMED THAT THE MINISTRY HAD ASKED THE MINISTRY OF FOREIGN AFFAIRS TO PRESENT THE GOB'S POINT OF VIEW IN EVERY INTERNATIONAL FORUM. GOB BELIEVES THAT IT HAS TO REACH THE AMERICAN PUBLIC AND
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CONGRESS WITH ITS ARGUMENTS. THE ACTUAL PRESENTATION BY AMBASSADOR ORTIZ SANZ WAS NOT PREPARED BY THE MINISTRY BUT RATHER BY ORTIZ HIMSELF. THE UNDER SECRETARY EXPLAINED THAT THE GOB WOULD NEVER OFFICIALLY ACCEPT GSA SALES BECAUSE OF NEGATIVE POLITICAL REACTIONS NOR WOULD IT ACCEPT OFFICIALLY OR EXTRACT OFFICIALLY GSA TIN SALES IN 1978. HE EXPLAINED THAT

BOLIVIA WAS GOING THROUGH A VERY DIFFICULT YEAR ECONOMICALLY AND ITS DEPENDENCE ON TIN FOR GOVERNMENT REVENUES AND FOREIGN EXCHANGE WAS GREATER THAN EVER. BOLIVIA IS SUFFERING FROM AN UNFORTUNATE CONJUNCTURE OF EVENTS. THE PRICES OF TUNGSTEN, COPPER, ZINC, BISMUTH AND ANTIMONY ARE DOWN. THE ANTIMONY AND BISMUTH SMELTERS ARE NOT PRODUCING. THE PRODUCTION OF OIL HAS DROPPED DRASTICALLY. THUS, TIN WAS AND IS THE ONLY HOPE. MOREOVER, TIN PRODUCTION AT COMIBOL HAS FALLEN BELOW 1978 PROJECTIONS AND 1977 ACTUAL PRODUCTION. THIS IS DUE TO THE GENERAL AMNESTY WHICH ALLOWED THE RETURN TO THE MINES OF EXTREMIST TROUBLEMAKERS. COMIBOL PRODUCTION WAS PROJECTED AT 24,000 TONS BUT WILL NOW BE LUCKY TO REACH 21,000 TONS. A REDUCTION IN THE PRICE OF TIN UDE TO GSA TIN SALES ON TOP OF ALL THIS WOULD BE POLITICALLY AND ECONOMICALLY DISASTROUS, ACCORDING TO UGALDE. RRA EXPLAINED THAT THE PROPER PLACE AND TIME TO MAKE THESE POINTS ABOUT BOLIVIAN VULNERABILITY IN 1978 WAS IN BILATERAL CONSULTATIONS WITH USG ONCE CONGRESSIONAL AUTHORIZATION FOR TIN DISPOSALS WAS COMPLETED.

3. COMMENT. THE EMBASSY DEMARCHES WILL HAVE SOME IMPACT BUT ONCE TIN AGAIN GETS IN THE NEWS DUE TO CONGRESSIONAL ACTION OR SOME OTHER ACT, THE BOLIVIANS LIMITED OFFICIAL USE

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WILL AGAIN BE PUBLICLY PLEADING THEIR CASE TO THE WORLD. THE DIFFICULT ECONOMIC AND POLITICAL SITUATION IN 1978 DOES NOT ALLOW THEM ANY LEEWAY. THE BOLIVIANS CAN BE EPXECTED TO CONTINUE TO DEFEND THEIR INTERESTS AND TO DO THIS BY PLEADING THEIR CASE IN AS MANY FORA AS POSSIBLE. THE EMBASSY HOPES THAT THERE WILL NOT BE ANY CONGRESSIONAL ACTION BEFORE JULY 9, SO THAT THE TIN ISSUE WILL NOT AGAIN BE AN EASY CLUB WITH WHICH TO BEAT THE PRESENT GOVERNMENT FOR NOT TAKING VIGOROUS ACTION, FOR BEING PRO-IMPERIALIST, ETC. CRITICISM OF THE GOVERNMENT (AS WELL AS THE US) WILL OF COURSE COME AFTER THE ELECTION AS WELL BUT THE CHANCE OF HAVING AN IMPACT ON THE POLITICAL OUTCOME OF THE ELECTION WILL HAVE BEEN FORECLOSED. WE DO NOT BELIEVE THE GOB WANTS TO CONSULT IN CECON, SELA OR THE OAS ON US TIN SALES BUT WISHES TO KEEP AS MUCH PRESSURE ON US AS POSSIBLE TO HOLD OFF ON TIN SALES IN 1978.
BOEKER

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